



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

March 18, 2008
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Mr. George Hempe, Executive Director
Golden Sierra Job Training Agency
11549 "F" Street
Auburn, CA 95603

Dear Mr. Hempe:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2006-07

This is to inform you of the results of our review for Program Year (PY) 2006-07 of the Golden Sierra Job Training Agency's (Golden Sierra) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. William Fallai from June 4, 2007, through June 8, 2007. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Golden Sierra with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2006-07.

We collected the information for this report through interviews with representatives of Golden Sierra, a review of applicable policies and procedures, and a review of documentation retained by Golden Sierra for a sample of expenditures and procurements for PY 2006-07.

Because we did not receive a response to our draft report, we are releasing it as the final report. Findings 1 and 2 remain unresolved and are assigned Corrective Action Tracking System (CATS) numbers 70346 and 70347.

BACKGROUND

Golden Sierra was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2006-07, Golden Sierra was allocated: \$892,880 to serve 220 adult participants; \$665,128 to serve 92 youth participants; and \$962,918 to serve 280 dislocated worker participants.

For the quarter ending March 31, 2007, Golden Sierra reported the following expenditures and enrollments for its WIA programs: \$557,998 to serve 98 adult participants; \$322,553 to serve 29 youth participants; and \$544,041 to serve 64 dislocated worker participants.

FISCAL REVIEW RESULTS

While we concluded that, overall, Golden Sierra is meeting applicable WIA requirements concerning financial management, we noted an instance of noncompliance in the area of cost/resource sharing agreement (RSA). The finding that we identified in this area is specified below.

FINDING 1

Requirement: 20 CFR Section 662.270 states, in part, that a Memorandum of Understanding (MOU) between partners in the One-Stop must describe the particular funding arrangements for services and operating costs of the One-Stop delivery system. Each partner must contribute a fair share of the operating costs proportionate to the use of services at the One-Stop Center attributable to the partner's program.

20 CFR Section 662.310(b) states, in part, that any failure to execute an MOU between a Local Board and a required partner must be reported by the Local Board and the required partner to the Governor or State Board, and the State agency responsible for administering the partner's program.

The Department of Labor (DOL) One-Stop Comprehensive Financial Management Technical Assistance Guide, Chapter I-5, mentions the fact that a RSA should contain all of the financial

data and documentation to support the MOU. The RSA could be included in the MOU or attached to delineate the particular methodology for the sharing of costs.

Observation: The Employment Development Department, California Department of Rehabilitation and the El Dorado Department of Social Services have provisions in their MOUs with Golden Sierra that they will contribute monetary support for the operation of various One-Stop centers. However, we found no evidence that the partners have made contributions to the costs of the One-Stop Centers.

Informal agreements in each MOU state that each partner will provide staff assistance and other resource contributions to One-Stop operations.

Recommendation: We recommended that Golden Sierra continue to work with the three partners identified above to develop and implement the financial cost/resource sharing agreements as stipulated in its MOUs. In addition, we recommend that, if necessary, the required impasse procedure be initiated for the three partners identified above.

Golden Sierra Response: Golden Sierra did not respond to the draft report.

State Conclusion: Because Golden Sierra did not respond to our draft report, we cannot resolve this issue. We recommend that Golden Sierra respond to our stated recommendation above. Until then, this issue remains open and is assigned CATS number 70346.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, Golden Sierra is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of youth services. The finding that we identified in this area is specified below.

FINDING 2

Requirement:

WIA §123 states, in part, that the local board shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis.

WIA §129 states, in part, that the use of funds for youth activities are to provide eligible youth with assistance to achieve academic and employment success; effective activities to improve educational and skill competencies; and provide effective connections to employers. The youth program shall provide ten specified elements.

20 CFR §410 (a) states, in part, that local program's must make the following services available to youth participants:

- 1) Tutoring, study skills and instruction leading to completion of secondary school;
- 2) Alternative secondary school services;
- 3) Summer employment opportunities linked to academic and occupational learning;
- 4) Paid and unpaid work experiences, including internships and job shadowing;
- 5) Occupational skill training;
- 6) Leadership development opportunities, including community service during non-school hours;
- 7) Supportive services
- 8) Adult mentoring during participation and for a subsequent period not less than 12 months;
- 9) Follow-up services for not less than 12 months after completion of participation;
- 10) Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling.

20 CFR §664.405(a)(4) states, in part, that the requirement of WIA §123 does not apply to the design framework components, such as services for intake, objective assessment and the development of an individual service strategy, when these services are provided by the grant recipient/fiscal agent.

The Golden Sierra's WIA 5-Year local plan states, in part, that the competitive process to be used to award grants and contracts for

youth services will include Requests for Proposals, if deemed appropriate by the Youth Council.

The Golden Sierra's WIA 5-Year local plan states, in part, that the competitive process to be used to award grants and contracts for youth services will include Requests for Proposals, if deemed appropriate by the Youth Council.

Observation: We found no documentation that Golden Sierra ever competitively procured youth services in accordance with Golden Sierra's 5-Year Plan. We confirmed that Golden Sierra, instead, is providing over half of the ten required youth program elements noted above through their internal case management process.

Recommendation: We recommended that Golden Sierra provide the Compliance Review Division with a corrective action plan and timeline stating how it will competitively procure youth services in accordance with its 5-Year Plan, or provide documentation as to why its is unable to carry out its stated procurement process.

Golden Sierra Response: Golden Sierra did not respond to the draft report.

State Conclusion: Because Golden Sierra did not respond to our draft report, we cannot resolve this issue. We recommend that Golden Sierra respond to our recommendation stated above. Until then, this issue remains open and is assigned CATS number 70347.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Division your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than April 16, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Golden Sierra's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Golden Sierra's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Jim Tremblay at (916) 654-7825 or Mr. David Davis at (916) 654-8332.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a large, stylized loop at the end.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Linda Beattie, MIC 50
Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50